



Market Announcement

19 December 2019

FONTERRA TO STREAMLINE CHILEAN OPERATIONS

Fonterra has purchased the minority interest in Prolesur, held by Fundación Isabel Aninat (the Fundación), as the Co-op looks to streamline its operations in Chile.

The Fundación has sold its 13.6% shareholding for \$29.3 million NZD*, which takes Fonterra's ownership of Prolesur from 86.2% to 99.9%.

Prolesur is a milk processor in southern Chile which sells most of its production to Soprole. Soprole is a leading consumer branded dairy company in Chile and is 99.9% owned by Fonterra.

Fonterra CEO AMENA Kelvin Wickham says this move will allow Fonterra to simplify the interface between Prolesur and Soprole and take steps to better integrate the two businesses.

"Prolesur and Soprole are both strong businesses but their recent performance has been impacted by challenging market conditions.

"Having the two more closely integrated will generate operating efficiencies across the supply chain from milk collection, to processing and administration.

"It also allows us greater flexibility as we focus on realising the best value for the Co-op from our businesses in Chile in line with our new strategy," says Mr Wickham.

The remaining 0.1% of Prolesur's shares are held by minority shareholders, which Fonterra will offer to purchase at the same price per share being paid to the Fundación for its shareholding.

* NZD1.00 = CLP496.887

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About Fonterra

We're a global dairy nutrition company owned by 10,000 farmers and their families. We've built our expertise on the legacy of the thousands of farmers who've made New Zealand a world leader in dairy. With a can-do attitude and a collaborative spirit, we're a world leading dairy exporter. Our people share the goodness of dairy nutrition with the world through our innovative consumer, foodservice and ingredient solutions brands, and our farming and processing operations across four continents.
